

CHAPTER–V (5.2)

Allotment of Sports City

CHAPTER-V

Allotment of Properties

5.2 Allotment of Commercial Properties

Allotment of Sports City

Introduction

5.2.11 A detailed proposal was submitted (16 August 2004) to the Board of NOIDA for organising the Commonwealth Games in NOIDA. The Board accorded in-principle approval to the proposal and directed that the requisite sporting infrastructure should be of international level specifications and advice may be taken for technical approval from sports bodies. However, no action was taken for execution of the above proposal.

The Board of NOIDA noted (25 June 2007) that existing sports facilities in NOIDA were not commensurate for holding international events. It approved international level sports complexes in Sectors 101, 102 and 104, with two indoor and two outdoor stadiums for games like badminton, table tennis, weightlifting, basketball, rugby, etc. with conference facilities, high speed internet and video conferencing facilities, guest houses, restaurants, utilities like uninterrupted power supply with back-up, dedicated telecom network, water supply, sanitation facilities, wide and efficient road network, public transport facilities and other services. It was envisioned that national and international events like 2009 National Games, 2010 Commonwealth Games, 2014 Asiad Games and 2020 Olympic Games (if allotted) could be organised here. In the 149th Board meeting (8 April 2008) it was decided that in view of Commonwealth Games, 2010 and for faster implementation of the project, the land use of the sectors 76, 78, 79, 101, 102, 104 and 107 may be changed to create a Sports City. Thus, the Board introduced the concept of Sports City in June 2007 with a view to hold marquee sports events on the back of international level infrastructure.

Thereafter, the work of preparation of the scheme and deciding on terms and conditions was awarded to M/s Grant Thornton (April 2008) whose report was discussed by the Board (11 August 2008) and after some modifications in land use pattern and methodology for fixing reserve price for the Sports City scheme, the Board approved (18 September 2008) the scheme for allotment of Sports City which was launched during 01 October 2008 to 04 November 2008 and extended twice up to 12 January 2009 as no offers were received. However, no offer was received even till the end of the extended date for the scheme. NOIDA decided (September 2010) for reduction of proposed area from 311 hectare to 150 hectare and to get the detailed project report of the scheme again from Grant Thornton. The firm submitted the proforma bid document and terms & conditions of the scheme on 14 December 2010 which was approved on the same day by NOIDA. Reserve price of ₹ 11,500 per sqm was fixed which was approved on 20 December 2010.

Subsequently, four schemes¹ for Sports City development were launched by NOIDA during the period 2010-11 to 2015-16 against which four allotments

¹ Scheme 2010-11 for the development of Sports City in NOIDA (Sector 101 and 104) was abandoned.

for 32,30,500 sqm or 798 acre² were proposed. Out of this, 70 *per cent* or 559 acres was reserved for sports. The sports facilities proposed in these four plots included three golf courses of nine holes each and an international cricket stadium along with tennis, swimming and other sports facilities.

A brief overview of the schemes and allotments made thereunder is given in **Table 5.2.10**.

Table 5.2.10: Overview of the schemes and allotments

Particulars	SC-01-01, Sector 78/79	SC-01, Sector 150	SC-02, Sector 150	SC-01, Sector 152	Total
Scheme number	2010-11 (SC II)	2010-11 (SC II)	2014-15 (Sports City)	2015-16 (International level Cricket Stadium- cum - Sports City)	
Scheme duration	3 March 2011 to 24 March 2011	3 March 2011 to 24 March 2011	7 June 2014 to 03 July 2014	8 June 2015 to 26 June 2015	
Date of allotment	04 May 2011	04 May 2011	10 September 2014	16 July 2015	
Proposed area for allotment (sqm)/ (acre)	7,27,500 (179.76)	8,00,000 (197.68)	12,00,000 (296.52)	5,03,000 (124.29)	32,30,500 (798.25)
Total allotted area (sqm)/ (acre)	7,03,001.80 (173.71)	907,987.81 (224.36)	13,29,745.92 (328.58)	4,03,457.45 (99.69)	33,44,193 (826.34)
Reserve price per sqm	₹ 11,500.00	₹ 11,500.00	₹ 18,865.00	₹ 26,200.00	
Allotted rate per sqm	₹ 12,075.00	₹ 12,050.00	₹ 19,400.00	₹ 26,650.00	
Total value of proposed area at reserve price (₹ in crore)	836.63	920.00	2,263.80	1,317.86	5,338.29
Total value of allotted area at allotment rate (₹ in crore)	848.87	1,094.13	2,579.71	1,075.21	5,597.92
Allottee consortium	Xanadu Estates Pvt. Ltd.	Logix Infra developers Pvt. Ltd.	Lotus Greens Constructions Pvt. Ltd.	ATS Homes Pvt. Ltd.	
Land uses (percentage)					
Recreational and sports	Not less than 70 <i>per cent</i>	Not less than 70 <i>per cent</i>	Not less than 70 <i>per cent</i>	Not less than 70 <i>per cent</i>	
Residential/ Group Housing	28 <i>per cent</i>	28 <i>per cent</i>	29.5 <i>per cent</i>	26 <i>per cent</i>	
Commercial	Not more than two <i>per cent</i>	Not more than two <i>per cent</i>	Not more than 0.5 <i>per cent</i>	Not more than four <i>per cent</i>	

² Taking one acre = 4,047 sqm approx.

Particulars	SC-01-01, Sector 78/79	SC-01, Sector 150	SC-02, Sector 150	SC-01, Sector 152	Total
Obligation of developers with respect to development of sports facilities	Golf Course (9 Hole), multipurpose playfield, tennis centre, swimming centre, indoor multipurpose sports hall, cricket academy, hospital/ senior living/ medicine centre, etc.	Golf Course (9 Hole), multipurpose playfield, tennis centre, swimming centre, Indoor multipurpose sports Hall, cricket academy, hospital/ senior living/ medicine centre, etc.	Golf Course (9 Hole), multipurpose playfield, tennis centre, swimming centre, indoor multipurpose sports hall, cricket academy, hospital/ senior living/ medicine centre, etc..	International level cricket stadium	

Source: Information furnished by NOIDA.

Audit Findings

5.2.12 Audit analysed the schemes brought out by NOIDA, the allotments made thereunder and issues faced after the allotment, besides conducting physical verification of some of the sites. The findings of Audit have been classified in the following sections:

- Deficiencies in planning and policy formulation (discussed in Paragraphs 5.2.13 to 5.2.13.7).
- Deficiencies in screening and allotment (discussed in Paragraphs 5.2.14 to 5.2.14.7).
- Irregularities in transfers and sub-division of plots (discussed in Paragraphs 5.2.15 to 5.2.15.5).
- Planning and layout related deficiencies (discussed in Paragraphs 5.2.16 to 5.2.16.3).
- Envisaged vs actual allotment in Sports City (discussed in Paragraphs 5.2.17 to 5.2.17.6).

Deficiencies in planning and policy formulation

5.2.13 The Board of NOIDA envisioned the concept of Sports City in 2007 and the allotments were made under schemes from 2010-11 onwards. The deficiencies observed in planning and policy formulation are discussed in the succeeding paras:

Scheme launched without approvals

5.2.13.1 Regional Plan (RP)-2021 provides for a category of recreational land use under urbanisable area for which NOIDA prepared its Master Plan (MP). The MP provided for sports complex use under recreational land use (in which the scheme was launched). At the time of launch of the scheme during 2008, there was no category in MP-2021 under which Sports City could be launched. NOIDA had the primary mandate for the development of an industrial township. Development of sports was not included in any of the functions mandated to NOIDA under the UPIAD Act, 1976.

The Concept of Sports City was included in MP-2031, which remains unapproved by NCRPB.

The RP-2021 provided a separate land use for recreational use within the urbanisable area along with separate categories for residential and commercial uses. In the sports cities, residential and commercial land use was allowed within the recreational zone. The scheme of Sports City required land use changes of substantial magnitude as well as changes to MP-2021, but no approval/clearance from the National Capital Region Planning Board (NCRPB) was obtained even though the scheme was against the broad land use suggested under the RP-2021.

NOIDA included the concept of Sports City in MP-2031. In this, NOIDA included a separate category of land use as ‘Sports City’ to be developed as an integrated mini-township in which minimum 70 *per cent* of the total area would be utilised for sports activities, institutional and other facilities, open spaces and other recreational activities. It also gave power to the Board to determine the land use pattern, permissible activities, planning norms and other regulations as required time to time for the development of the sports city projects. Since the MP-2031 has not been approved by NCRPB, the scheme of land use in Sports City also remains unapproved by NCRPB.

In its reply, NOIDA stated (August 2020) that there is no requirement for seeking approval of NCRPB for MP of urban areas. Approval of NCRPB is required only when an MP is prepared for undertaking urbanisation in areas, other than proposed urbanisable areas in Regional and Sub Regional Plans. It was stated that land use for 346 hectare land was laid down in the 149th Board meeting on 08 April 2008 and due approval was obtained from GoUP. It was further stated that in the RP-2021 for proposed urbanisable area, various land use categories have been specified but there were no restrictions for the activities allowed in these categories. These are specified in the MP itself. Hence, it was not mandatory to get Sports City scheme approved from NCRPB under NCRPB Act, 1985.

The contention of NOIDA that approval of NCRPB was not required, is not tenable in view of Hon’ble Allahabad High Court’s judgments which stated:

‘... land uses cannot be changed except with the tacit permission and close scrutiny of the National Capital Region Planning Board. Whatever development is permissible must be strictly monitored under the National Capital Region Plan Act, 1985 by the authorities named and constituted under it’³.

‘... One stipulation is inescapable that unless the National Capital Region Planning Board gives the green signal nothing can go ahead. The necessary implication of this is also that at every stage in reference to the plans, aforesaid, constituent State a part of the National Capital Region Plan has to keep a close consultation with, the federal agency which is the Board’⁴.

Further, Section 11(1) of Plan Regulations, 1991, which were applicable at the time of launch of the scheme, forbade the Authority from making such amendments in the Plan which effected important alterations in the character of the Plan and which related to the extent of land use. Since the introduction of the concept of Sports City involved extensive changes to the extent of land

³ Judgement dated 18 December 1998 in the Civil Misc. Petition No. 13899 of 1998.

⁴ Judgment dated 01 October 1996 in the Civil Misc. Writ Petition No. 26737 of 1993.

use, it was not permissible to effect such changes through MP and approval of NCRPB should have been taken.

Further, it is notable that the No Objection Certificate (NOC) from Government on MP 2031, which included the concept of Sports City, was received in September 2011, i.e., two years after the launch of the Sports City scheme (October 2008). In view of the above, it is evident that the scheme was launched by NOIDA without requisite approvals.

The scheme of Sports City was launched without formal approval of the GoUP.

5.2.13.2 The first scheme of Sports City was launched in 2008 and eventually allotments were made against the subsequent schemes from May 2011. It was observed that NOIDA did not obtain approval of GoUP before launch or allotment. NOIDA included the concept of Sports City in the MP-2031 which was approved by the Board in August 2010, and by the GoUP in September 2011. However, NOIDA, without obtaining formal approval of the State Government to the MP, allotted the land for Sports City in March 2011 itself. Thus, there was no formal approval, even of the State Government, in place, when NOIDA launched the scheme. The scheme was launched in an area marked as recreational green although relevant changes in Building Regulations were notified by the State Government in May 2011.

In its reply, NOIDA stated (August 2020) that approval for land use for Sports City was duly taken from GoUP by the Authority in 2008. The Board, it was stated, has the power to prepare and dispose of plans for all types of properties under sections 6 and 7 of the U.P. Industrial Area Development (UPIAD) Act, 1976. The Chief Executive Officer (CEO) was delegated the power by the Board in the 85th meeting of the Board on 24 February 1996. The CEO, as per the reply, is competent to prepare terms and conditions of the schemes, fixing reserve prices and approving allotments and it is a common process in the Authority to launch schemes for disposal of properties in anticipation of approval of the Government.

The reply is not convincing as it focuses on powers of the CEO for preparation of schemes' terms and conditions. However, the issue being pointed out here is of much larger significance wherein a new land utilisation category was created by NOIDA without the approval of Government or NCRPB and which was not even included in its MP-2021. As discussed above, section 11 of Plan Regulations 1991 which was applicable at the time of launch of the Scheme also restricted significant amendments to the MP, hence the said changes were beyond the remit of NOIDA as such. Further, the reply of NOIDA that approval from GoUP was taken in 2008 is not correct, as the approval of GoUP for land use for Sports City was received in May 2011 through amendment of NOIDA Building Regulations.

Thus, the very initiation of Sports City schemes without approval was irregular.

Technical eligibility criteria not commensurate

The eligibility criteria of net worth and turnover recommended by consultant was reduced without proper justification.

5.2.13.3 The consultant (Grant Thornton) appointed for preparing the scheme and its terms and conditions recommended (December 2010) the eligibility criteria of net worth of ₹ 100 crore and minimum total turnover from real estate activities for the last three accounting years of ₹ 400 crore. Audit observed that NOIDA, at the time of launching the scheme (in sectors 78/79 and 150 during 2011), reduced the eligibility criteria of net worth and turnover

to ₹ 80 crore from ₹ 100 crore and ₹ 200 crore from ₹ 400 crore respectively for which no justification was available on record. It was further observed that the consultant had stated (December 2010) that the projected cost of development of sporting facilities was ₹ 410 crore, hence the reduction of criteria regarding minimum turnover to ₹ 200 crore from ₹ 400 crore was not justified. The laid-down financial eligibility criterion is given in **Table 5.2.11**.

Table 5.2.11: Financial eligibility criteria laid down

(₹ in crore)

Particular	SC-01-01/78-79 & SC-01/150	SC-02/150	SC-01/152
Minimum Net Worth	80	125	125
Minimum Solvency	15	30	30
Minimum Total Turnover	200	250	250
Earnest Money	10	20	50

Source: Information furnished by NOIDA.

Against these criteria, the value of land proposed to be allotted was as given in **Table 5.2.12**.

Table 5.2.12: Plot details

Particular	SC-01-01-78-79	SC-01/ 150	SC-02/ 150	SC-01/ 152
Proposed area (in sqm)	7,27,500	8,00,000	12,00,000	5,03,000
Reserve Price (in ₹ per sqm)	11,500.00	11,500.00	18,865.00	26,200.00
Value of land at reserve price (₹ in crore)	836.62	920	2,263.80	1,317.86

Source: Information furnished by NOIDA.

Considering the value of land (at reserve price) being allotted ranging from ₹ 836.62 crore to ₹ 2,263.80 crore, the financial eligibility criteria of minimum net worth ranging from ₹ 80 to ₹ 125 crore were grossly inadequate. In fact, the value of land proposed for allotment was 10 to 18 times of the net worth criteria. Further, even though the consultant had indicated the projected cost of sports infrastructure, NOIDA did not enhance its minimum qualification accordingly. In fact, the same qualification criteria were laid down as for other schemes of commercial builder plots, wherein the size of the plots was much smaller.

It is evident that NOIDA did not take due cognisance of the scale of projects and also showed willingness to allot plots to applicants whose financial strength was inadequate.

In its reply, NOIDA stated (August 2020) that it did not receive any application in the Sports City scheme launched by the Authority in 2008. Hence, relaxation was given in certain terms and conditions of the scheme and its size. Partial amendments were made in the turnover and net worth recommended by the consultant to make the scheme more attractive and practical. At that time, economic recession was in effect, hence it was a challenge for the Authority to add financial resources for development through sale/allotment of properties. Accordingly, eligibility of net worth of ₹ 80 crore and turnover of ₹ 200 crore was fixed after the approval of CEO. The same was also given *post facto* approval by the Board in the 172nd meeting held on 29 March 2011.

The reply is not convincing as the financial eligibility criteria were by no means commensurate with the value of land proposed for allotment as given in **Table 5.2.12**. Moreover, net worth required for plots of commercial categories

was also ₹ 80 crore while the size and value of land was much less than that of Sports City. The reasons advanced for relaxing financial eligibility criteria lack merit as the consultant was appointed for deciding terms and conditions after failure of the first scheme, hence the recommendations were given after analysis of earlier failures. Relaxation of net worth and turnover criteria to make the scheme more attractive was without basis and contrary to the consultant's recommendations as projects required further investments for development and hence applicants with sound financial status should have been roped in. Further, the span of economic recession, as per G.Os. in this regard was 2009 to 2011 and hence, citing recession as the reason for diluting the criteria is not justified.

Creation of world class infrastructure without specifications or accreditations

No Sports Authority or organisation was consulted to decide specifications of sports infrastructure. Also the brochures of the schemes did not include any technical specifications in respect of proposed sports facilities.

5.2.13.4 Although Sports cities were conceived for holding marquee sports events, neither the Sports Authority of India nor the respective sports administration bodies (like Board of Control for Cricket, Table Tennis Federation of India etc.) were consulted for deciding the requirements related to creation of sports infrastructure, or of developing the planned sports facilities, prior to launching the scheme. As a result, the schemes never laid down any parameters for the level of intended sports infrastructure.

Though the Board introduced the concept of Sports City in 2007 with a view to hold marquee sports events like Commonwealth Games, venue for Commonwealth Games and allocation of events in various stadia were already decided before submission/approval of this proposal. Further, the consultant had indicated a timeline of 0-3 years from possession of plot (1st phase), 3-5 years for 2nd phase and 5-8 years for 3rd phase. Hence, the envisioned infrastructure would have been completed by 2016. Thus, the reasons stated for developing sports city were not justified as the facility would not be available for either National Games 2009 or Commonwealth Games 2010. Further, though the report of the consultant laid down specifications for the desired sports infrastructure, these specifications were not included by NOIDA in any of its scheme brochures where allotments were made. In absence of laid down specifications, it was left for the allottees to decide the calibre of the infrastructure proposed.

In its reply NOIDA accepted (September 2020) that the consultant mentioned broad specifications for sports activities in its preliminary report which could have been included in the scheme brochure.

Further, NOIDA stated that it is true that neither was any consultation taken from institutions like SAI or BCCI nor were specifications laid down for sports infrastructure. The Authority is making efforts for reaching a consensus with the allottees for inviting the above-mentioned specialised institutions and deposit the tentative expenditure in a pool. Until the proportionate development of sports facilities is done, no approval will be given to housing and commercial projects of any allottee.

The fact of omission of specifications and accreditation has been accepted by NOIDA in its reply. The Government has also accepted the recommendation of audit and confirmed that when Sports City is taken up, then Government should lay down clear norms for development of Sports Cities in consultation with subject matter experts. In essence, the Sports City project was taken up as

any commercial or real estate venture without having any vision or plan to meet specific requirements of specialised nature.

Absence of criteria regarding sports infrastructure

No technical criteria regarding experience of developing sports infrastructure was included in the brochures which resulted in allotment of plots to entities not having necessary experience.

5.2.13.5 As per technical eligibility criteria specified in the scheme brochure, the bidder should have executed minimum two completed projects related to real estate development and construction activities of minimum of 10 lakh sqft in aggregate during the last five years.

Sports City plots were allotted to companies which did not have any experience in developing sports related infrastructure. In fact, NOIDA did not include any condition requiring the bidders to possess any prior experience in developing sports related infrastructure and facilities as technical criteria while inviting the bids. The sole criterion NOIDA relied upon while inviting bids and determining the eligibility of the bidders, was experience in developing real estate projects. There was no condition in the tender for submission of a Detailed Project Report (DPR) for undertaking a project of such magnitude. As a result, in absence of such critical eligibility conditions in the scheme brochure, the selected allottees lacked necessary experience in developing required sports related infrastructure. As on date (January 2021), no sports infrastructure has come up in the allotted plots.

In its reply, NOIDA accepted (September 2020) that till date sports facilities have not achieved the envisioned form. The way terms and conditions were included in the brochure and the way these were implemented, was faulty. Due attention will be given in future for determining the terms and conditions and their execution.

Perfunctory vetting of applications

The consultant was appointed without inviting competitive bids and the evaluation of bids in a single day raises doubts.

5.2.13.6 UPICO was appointed (September 2008) as consultant/evaluator of the technical bids without market survey or inviting competitive bids. It is pertinent to mention here that UPICO submitted its evaluation report on bids received for Sports City-II (2010-11) scheme on the same day (24 March 2011) on which the bids were forwarded to it by NOIDA, which raises doubts about the entire evaluation process.

In its reply, NOIDA stated (August 2020) that UPICO is an undertaking of GoUP and has specialisation in technical evaluation. Since only four bids were received in the scheme, it was not inappropriate/unreasonable in any manner for UPICO to evaluate these in a single day.

The reply of NOIDA fails to address the fact of appointment of the consultant without inviting competitive bids. Moreover, the deficiency in screening and evaluation of one of two bids (Plot No. SC-01, Sector 150), as discussed in the succeeding para, is itself an indication of undue haste shown in submission of the evaluation report.

Providing backdoor qualification to applicants

Backdoor entry was provided to applicants by including credentials of the holding/subsidiary company(s) as eligibility of the applicant.

5.2.13.7 The eligibility conditions in the schemes' brochure provided a condition that “If a company wants to apply through a subsidiary company, then it should have minimum of 51 *per cent* shareholding in the subsidiary company. It is clarified that in this case the applicant will be the subsidiary company who will have to qualify the minimum requirements of net worth, solvency and turnover. However, in case the tenderer/consortium member is a

company, then the qualifications of its holding company or subsidiary companies shall also be considered as the qualifications of the applying company/consortium member.”

Audit observed that this condition was employed by the applicants in all the three cases to garner allotments (as discussed case-wise in **Paragraph 5.2.14**). Audit concluded that the conditions stated in the brochure were contradictory in the sense that though the applicant (subsidiary) was required to qualify by itself, but on the other hand, it could utilise the credentials of its holding/subsidiary company. The permission to bid on the back of credentials of the holding or subsidiary company, without their actual participation, enabled bidders who were as such ineligible to garner plots beyond their net worth. This was also imprudent on the part of NOIDA as the actual allottee lacked the capability to execute the project.

NOIDA has accepted (August 2020) the audit observation and agreed to make necessary amendments in future schemes.

Deficiencies in screening and allotments

5.2.14 The process of tender for Sports City plots in Noida entailed a two stage bidding process with technical bid and financial bid being called for. The technical bid consisted of technical eligibility criteria requiring experience of work done and financial eligibility criteria was specified in terms of minimum net worth, solvency and turnover. The details submitted by applicants were then required to be evaluated by the Allotment Committee. The brochure provided that the financial bids of only technically qualified bidders shall be opened. Thus, the bids of those applicants who did not qualify the technical eligibility criteria were not to be opened. Audit noticed violations committed at various stages of screening of the applications and allotments. These are discussed plot-wise as below:

Plot No. SC-01, Sector 150

5.2.14.1 As per the terms and conditions provided in the scheme brochure, the applicant was required to qualify eligibility criteria of minimum ₹ 200 crore total turnover from real estate activities for the last three accounting years. Besides, the applicant should have completed two real estate development projects of 10 lakh sqft during the last five years. A certificate from the competent statutory authority was required for the completed projects.

Allotment of the plot was made to Logix Infradevelopers Pvt. Ltd. for 8,00,000 sqm (197.68 acre) valuing ₹ 920 crore in May 2011. The consortium submitted its bid on the last day (24 March 2011). Besides, one more bid was received for this plot. NOIDA sent both the technical bids (24 March 2011) to UPICO for evaluation and UPICO gave its report on the same date. Audit noticed that UPICO submitted its report without even exercising basic check of the documents. A case in point is that in the details submitted, turnover was stated as ₹ 287 crore whereas in UPICO’s report it was stated as ₹ 257 crore.

Scrutiny of the tender documents revealed that out of six members of the consortium, one member had nil turnover while the other companies did not have the minimum required turnover of ₹ 200 crore from real estate activities as shown in **Table 5.2.13**.

The allotment was made despite the fact that the applicant did not have required turnover from real estate activities. One certificate regarding construction experience was not from statutory authority as required.

Table 5.2.13: Details of turnover of the members of the consortium

Name of Consortium Members	Turnover in the last three years as mentioned in the tender documents (₹ in crore)	Turnover from real estate activities in the last three years (₹ in crore)	Inadmissible Turnover (₹ in crore)	Turnover (activity) as per balance sheet of sports city bidders
Logix Soft-tel Pvt Ltd	32.00	NIL	32.00	Income from rent and business receipts
Logix Builders & Promoters Pvt Ltd	NIL	NIL	NIL	Incorporated on 07 March 2011
V C Solutions Pvt Ltd	103.89	NIL	103.89	Fees and services, construction and supervision charges, sales
IT Enfraservices Pvt Ltd	94.92	NIL	94.92	Rental income and other business receipts
Noida Cyber Park Pvt Ltd	40.66	NIL	40.66	Income from rentals, service and maintenance charges and other income
Lakshmi Constructions	15.53	NIL	15.53	Contract receipts, sale of scrap
Total	287.00	NIL	287.00	

Source: Information furnished by NOIDA.

Thus, the consortium was not qualified as per the mandatory eligibility criteria set out in the scheme brochure.

Audit further noticed that the applicant submitted three certificates for real estate projects for 19,61,625 sqft, out of which only two certificates for 6,54,450 sqft were issued by the competent statutory authority (Delhi Development Authority). The third certificate for 13,07,175 sqft was issued by an architect and was not from the statutory authority as was the mandatory stipulation. Thus, the applicant failed to fulfill the criteria of certificate from competent authority for 10 lakh sqft.

The applicant, therefore, should have been disqualified at the technical bid stage. The question of even opening the financial bid, let alone being allotted the plot, did not arise. Thus, on account of due diligence not being exercised and undue favour shown in evaluation, an ineligible entity was awarded the plot. It is evident that evaluation of bids was an eyewash only and UPICO was also paid for this work.

In its reply, NOIDA stated (September 2020) that the evaluation of the technical bid was done by UPICO. Net worth of the applicant was shown as ₹ 257 crore by UPICO while the applicant showed it as ₹ 287 crore in the tender documents. This, it was stated, appears to be a typographical error. The turnover of the applicant was more than ₹ 200 crore as required in the scheme conditions.

The reply is not correct. The bidder was technically not qualified as per the mandatory eligibility criteria set out in the scheme brochure. The report of UPICO should have been reviewed meticulously by NOIDA before making allotment and any shortcomings should have been placed before PAC so as to evaluate the bid correctly. The Government should consider fixing responsibility in the matter as it has entailed selection of entities that were *prima facie* not eligible.

The plot was allotted on the credentials of holding company of one of the members of the consortium. The credentials of same company were used earlier for allotment of Sports City plot SC-01-01/ sector 78-79.

Plot No. SC-02 Sector 150

5.2.14.2 Allotment of the plot was made (September 2014) to Lotus Greens Constructions Pvt. Ltd. for 12,00,000 sqm (296.52 acre) valuing ₹ 2,263.80 crore. Experience criteria was submitted in case of projects developed by the holding company (Three C Universal Developers) of one of the members (Three C Infrastructure Limited) and NOIDA considered the consortium eligibility on that basis. Further, none of the members had any turnover since its inception (except for Crest Promoters) and eligibility was considered based on the credentials of Three C Universal Developers only. It is pertinent to mention here that plot no. SC-01 in sector 78/79 was also allotted (May 2011) on the credentials of Three C Universal Developers Pvt. Ltd. as holding company of one of the members (Xanadu Estates Pvt. Ltd.) valuing ₹ 836.62 crore at reserve price.

NOIDA allotted two plots on the basis of net worth of a company which was not an applicant (rather holding company), without due evaluation of present status of earlier allotment or the inherent capability of the allottees. Though the previous allotments were known to NOIDA, PAC did not take cognisance of it and permitted the prospective applicant companies to leverage their net worth for multiple allotments.

In its reply, NOIDA stated (September 2020) that the consortium was eligible as per laid down conditions and there was no condition in the brochure to assess applicants in two schemes together. However, NOIDA accepted that inclusion of provision regarding aggregating minimum eligibility allotment would be appropriate in future schemes.

Plot No. SC-01 Sector 152

Eight out of 10 consortium members did not have turnover, hence for eligibility turnover of two subsidiary companies of a member of the consortium was used.

5.2.14.3 As per the terms and condition of the brochure (Note (ii) of Essential Qualifications), turnover of the lead member and relevant members only was to be taken for eligibility. Allotment of the plot was made to ATS Homes Pvt. Ltd. for 5,03,000 sqm (124.29 acre) valuing ₹ 1,317.86 crore in July 2015. Audit scrutiny revealed that the successful bidder did not fulfil the eligibility criteria as turnover of one relevant member (ATS Infrastructure Limited) and its two subsidiary companies (ATS Estates Pvt. Limited and Gul Properties Pvt. Limited) was considered, which was tantamount to providing backdoor entry to the applicant on the basis of credentials of subsidiaries as pointed out in **Paragraph 5.2.13.7**.

Out of ten members of the consortium, eight members (including lead member) did not have any turnover during the period 2012-13 to 2014-15 and net worth of the lead member was negative. Further, two completed projects of the relevant member were shown for ₹ 308.67 crore which was not supported by its accounts and accounts for the year 2013-14 showed a negative turnover.

It is evident that the allotment was made to a consortium whose members did not fulfil the laid down conditions. This allotment similarly indicates that undue favours were granted while making allotment.

In its reply, NOIDA accepted the audit observation and stated (September 2020) that the brochure conditions were faulty and specified conditions have been violated. Action, it stated, is being taken.

Thus, the allotments for Sports City plots were clearly made to applicants who failed to qualify even the mandatory technical criteria as was prescribed. Their financial bids should not have been entertained at all, let alone been given allotments. Projects intended for international level sporting infrastructure involving huge tracts of land was thus handed over to ineligible entities. The Government may consider fixing responsibility and taking action against all the officers in the PAC, who failed to exercise due diligence required of them and did not disqualify entities which did not meet the mandatory evaluation criteria and yet were finally allotted plots involving huge tracts of land.

Violation of terms related to consortium arrangement

5.2.14.4 The Uttar Pradesh Procurement Manual (Procurement of Goods) 2016 defines consortium as ‘association of several persons, or firms or companies’. The terms and conditions laid down in the brochure provided the following in case of tendering by a consortium:

- Members of the consortium will have to specify one lead member who alone shall be authorised to correspond with NOIDA. Lead member should be the single largest shareholder having at least 30 *per cent* share in the consortium;
- The members shall submit a Memorandum of Agreement (MoA) conveying their intent to jointly apply for the scheme and in case the plot is allotted to them, the MoA shall clearly define the role and responsibility of each member in the consortium, particularly with regard to arranging debt and equity for the project and its implementation. MoA should be submitted in original, duly registered/notarised with the appropriate authority;
- The members shall submit a registered/notarised MoA conveying their intent to jointly apply for the scheme and in case the plot is allotted to them, to form Special Purpose Company (SPC) that will subsequently carry out all its responsibilities as the allottee. The MoA must specify the equity shareholding of each member of the consortium in the proposed SPC.

NOIDA allowed two or more companies to form a consortium and bid as a consortium for allotment of plots. Against the above conditions, Audit cross verified with the data obtained from Registrar of Companies (RoC) and observed the following instances of deviations from laid down conditions:

Plot No. SC-01 in Sector 78/79

5.2.14.5 Seven out of nine members⁵ of the consortium including lead member were subsidiary companies of one company (Three C Universal Developers Private Limited). Further, these seven companies in the consortium had been formed recently (apparently for the purpose of this project) and did not have any resources to pool for taking the plot as a consortium.

The role and responsibilities of each member in the consortium were not defined in the MoA entered into by the consortium members, which UPICO has also failed to point out during evaluation of documents.

Further, on the request of the allottee (October 2011) (consortium led by Xanadu Estates Pvt. Ltd.), an existing company (Three C Green Developers

An existing company was allowed to act as SPC against the condition of the brochure.

⁵ Except Meriton Infotech Pvt Ltd and Sutlej Agro Products Limited which did not have experience of real estate.

Pvt. Ltd.) was approved as SPC (October 2011) even though it was incorporated prior to allotment against the conditions laid down in brochure. Further, shareholding pattern of the SPC was not as per the pattern specified in MoA. Audit observed that the company was promoted by Three C Universal Developers Pvt. Ltd and at the time of its inclusion as SPC, shareholding of four members (Xanadu Estates-62.5 *per cent*, Meriton Infratech-18.5 *per cent* and Xanadu Infradevelopers and Sutlej Agro-9.5 *per cent* each) of the consortium was shown in the SPC as per certificate submitted by the allottee, against the nine companies which were part of the consortium.

Thus, the consortium that was allotted the plot suffered from irregularities, in spite of which allotment was made in their favour. The officers of NOIDA failed to observe/ignored these shortcomings while approving the name of the SPC and simply approved (October 2011) the request made by the allottee. Thus, the allottee was unduly facilitated from the initial stage itself by ignoring laid down terms and conditions and the shortcomings of the applicant consortium as discussed above were not analysed by NOIDA.

In its reply, NOIDA accepted (September 2020) the audit observation regarding violation of terms related to consortium agreement regarding not specifying role and responsibility of lead member and relevant members in MoA and approval of a SPC formed before the allotment. It further stated that action was being proposed against UPICO for the deficiencies in the allotment process.

While NOIDA has accepted the audit observation regarding violation of terms related to consortium agreement it is yet to fix responsibility on officials of NOIDA itself for approval of allotment to an existing SPC which did not have shareholding pattern as per the MoA.

Plot No. SC 01 in Sector 150

Members who qualified the consortium, exited after allotment and shareholding and ownership passed to third parties.

5.2.14.6 As per brochure conditions, in case the tenderers have formed a consortium, the members were to submit a registered/notarised MoA conveying their intent to jointly apply for the scheme and in case the plot is allotted to them, to form SPCs that will subsequently carry out all its responsibilities as the allottee. The MoA was to specify the equity shareholding of each member of the consortium in the proposed SPC.

Audit observed that a plot measuring 5,48,192 sqm was divided (January 2012) into two parts viz. SC-1/A measuring 2,69,430 sqm in favour of Logix Builders & Promoters Private Limited (relevant member) and SC-1/B measuring 2,78,762 sqm in favour of M/s Logix Infradevelopers Private Limited (SPC). The position of shareholding in the consortium and the SPC was as detailed in **Table 5.2.14**.

Table 5.2.14: Details of shareholding pattern in consortium

(in per cent)

Original Shareholding in the consortium – M/s Logix Infradevelopers Pvt. Ltd. (SPC)		Subdivided plot SC-1/A (Relevant Member: M/s Logix Builders & Promoters Private Limited)	Subdivided plot SC-1/B (SPC: M/s Logix Infradevelopers Private Limited)
Logix Soft Tel Private Limited	40	-	50
V. C. Solutions Private Limited	25	-	30
Logix Builders & Promoters Limited	20	-	20
IT Enfraservices Private Limited	5	-	-
Noida Cyber Park Private Ltd.	5	-	-
Lakshmi Constructions	5	-	-
Meena Nath	-	50	-
Shakti Nath	-	50	-
Total	100	100	100

Source: Information furnished by NOIDA.

Thus the members⁶ on whose credentials for minimum turnover and completed projects related to real estate development and construction activities the plot was allotted, exited the consortium. Audit observed that the entire shareholding was vitiated in both the cases and the brochure conditions were clearly violated as five out of six members of the initial consortium were left out of SC-1/A and in case of SC-1/B, only three out of six members of the consortium were included as shareholders. Members who qualified the consortium exited after allotment and shareholding and ownership passed to third parties.

It is evident that the builders came together for a transitory period and helped otherwise ineligible entities to qualify for allotment and after formal allotment was in place, they exited the consortium. The change of composition of the consortium after allotment, as mentioned in **Table 5.2.14**, indicates that three members (M/s IT Enfraservices Pvt. Limited, Noida Cyber Park Pvt. Limited and Lakshmi Constructions) had joined the consortium only for facilitating allotment by lending their credentials. All this is evidence of lack of regulatory control by NOIDA.

In its reply, NOIDA stated (September 2020) that the benefit of the deficiencies in the brochure was taken by the builder for which amendment in the brochure conditions was being proposed.

Plot No. SC 02 Sector 150

5.2.14.7 The brochure conditions entailed allotments to consortiums, wherein the role and responsibilities of each member in the consortium was to be defined in the MoA entered into by the consortium as per clause 8 (c) of the scheme brochure.

The plot was allotted to a consortium of seven members with Lotus Greens Constructions Pvt Ltd as the lead member. In spite of clearly laid down condition, no SPC was formed after the plot was allotted to the consortium, though the intention to form an SPC was indicated in the MoA. However, NOIDA, instead of raising objections, facilitated the lead member to act as the allottee. It is pertinent to mention here that there was no shareholding of any

Instead of formation of SPC, the lead member of the consortium was allowed to act as allottee.

⁶ IT Enfraservices Private Limited, NOIDA Cyber Park Private Ltd. and Lakshmi Constructions.

of the members of the consortium in Lotus Greens Constructions Pvt. Ltd rather the entire shareholding was with Lotus Greens LLP. This not only resulted in non-compliance of MOA but also in undue favour as the plots were further subdivided in the name of subsidiaries of Lotus Greens Constructions Pvt. Ltd. Thus, the ownership of the plot was vested with the lead member only, whilst the relevant member⁷ who helped in qualifying the criteria were left out.

In its reply, NOIDA stated (September 2020) that in this regard further examination of the provisions of the brochure was got done from the Chartered Accountant. The suggestion of the Chartered Accountant, after examination by the Authority, would be put in the upcoming Board meeting for necessary amendments in the conditions of the brochure of the schemes to be launched in future.

Irregularities in transfer and subdivision of plots

5.2.15 On analysis of sub-divisions and transfers of plot by Audit and its further cross-verification with data obtained from the RoC, the following issues were observed:

Irregular sub-division of Sports City plots

The four Sports City plots were sub-divided into 81 parts with each sub-divided plot treated as a separate allottee.

5.2.15.1 As per the condition included in the scheme brochure of Sports City scheme, the lessee could develop/implement the project through its subsidiary companies in which the lessee/allottee was to have a minimum of 90 *per cent* equity shareholding. The condition further stated that the lessee/allottee who develops the project through its subsidiary company shall be entitled for sub-leasing the portion of allotted/leased land in favour of the subsidiary company and such transfer shall be without any transfer charges. However, on any subsequent transfer/sublease, transfer charges at the prevailing rate shall be payable. At the time of approval for implementation of project through subsidiaries, NOIDA specifically stated that 90 *per cent* equity shareholding in the subsidiaries shall be maintained throughout the project.

NOIDA allotted four Sports City plots and permitted the implementation through multiple companies as detailed in **Appendix 5.2.3** and shown in **Table 5.2.15**.

Table 5.2.15: Details of allotment and implementation through sub-division

Plot no./Sector	Original allottee consortium	No. of sub-divisions approved	No. of sub-divisions to relevant members/SPC	Area of the plots (sqm)
SC-01/Sector 78/79	Xanadu Estates Pvt. Ltd.	23	7	7,03,001.80
SC-01/Sector 150	Logix Infra Developers Pvt. Ltd.	24	2	9,07,987.81
SC-02/Sector 150	Lotus Greens Constructions Pvt. Ltd.	24 ⁸	8	13,29,745.92
SC-01/Sector 152	ATS Homes Pvt. Ltd.	10	10	4,03,457.45
Total		81	27	33,44,192.98

Source: Information furnished by NOIDA.

⁷ Three C Infrastructure Private Limited.

⁸ Out of 24 sub-divisions of plot, lease deeds were not executed in three cases (plots no. SC-02/C1, SC-02/M and SC-02/P) as on 20 July 2021.

Audit, on examination of these subdivisions and transfers, observed that:

- The certificate of RoC regarding subsidiary status of companies (in whose favour sublease was executed) was not taken at the time of approval for implementation through subsidiaries. The equity shareholding at the time of incorporation of the company and as per certificate of the Chartered Accountant submitted for subsidiary status were different and there is no document available on record which could show the period in which shareholding was changed.
- The Finance wing of NOIDA treated every single sub-divided plot as a separate allottee and issued a separate payment schedule for each one of them without taking any approval to this effect. Even in case of transferred plot, separate payment schedule was issued and the allottee was treated as original allottee and provided all the facilities. Hence, the level of commitment envisaged through the covenants in the brochure was weakened as each sub-lessee/transferee was responsible for his own part only.
- NOIDA approved (April 2014) sub-division of plot SC-01/C Sector 150 measuring 2,74,209 sqm into 12 parts and allowed sub-lease in favour of its subsidiaries. Out of 12 subsidiaries mentioned in the approval letter, six subsidiaries were not in existence at the time of approval of sub-division as detailed in **Table 5.2.16**.

Table 5.2.16: Details of subsidiaries not existing at the time of sub-division of plot

Name of subsidiary	Date of incorporation (as per data available on Ministry of Corporate Affairs website)
Educe Buildcon Pvt. Ltd.	05 June 2014
Explicit Estates Pvt. Ltd.	05 June 2014
Imperative Constructions Pvt. Ltd.	09 June 2014
Augur Realtors Pvt. Ltd.	06 June 2014
Arable Builders Pvt. Ltd.	13 June 2014
Hale Relators Pvt. Ltd.	05 June 2014

Source: Information furnished by NOIDA.

Also, no document was made available to Audit to show that these were the subsidiaries of the allottee. Thus, NOIDA extended undue favour in sub-dividing the plot for which no justification is available on record.

In its reply, NOIDA accepted the audit observation and stated (September 2020) that the certificate of RoC regarding subsidiary companies should have been available with the Authority, which was not the case. Separate allottees were undoubtedly treated as original allottee due to issuance of separate payment schedules which is against the concept of integrated sports facility. It was confirmed by NOIDA that the audit observation is correct as there is no document on record to show that the companies mentioned in the audit observation are subsidiary companies of the original allottee.

Though the audit observation has been accepted by NOIDA, responsibility needs to be fixed for laxity on the part of the concerned officials of NOIDA.

Part of plot SC-01/A Sector 150 was transferred in the name of a company which was not the subsidiary of the allottee and instead of transfer deed, sub-lease deed was executed.

Irregular transfer of Sports City plot (Plot no. SC-01 in Sector 150)

5.2.15.2 The General Terms and Conditions of the brochure provided that “without obtaining the completion certificate the lessee shall have the right to sub-divide the allotted plot into suitable smaller plots as per the planning norms of NOIDA only for the area available for residential and commercial use and to transfer the same to the interested parties”.

It was further provided that “the lessee/allottee who develops the project through its subsidiary company shall be entitled for sub leasing the portion of allotted/leased land/built-up area in favour of the subsidiaries companies and the first transfer by such subsidiary company of the said allotted/leased land/built-up area which is being developed or proposed to be developed by the subsidiary shall be without any transfer charges. However, for the subsequent transfer/sub-lease, transfer charges as per prevailing policy (at the time of transfer) of the lessor/NOIDA Authority shall be payable”.

From a perusal of above conditions, it is evident that the allottee could develop the project through subsidiaries and residential and commercial parts could be transferred to (other) interested parties, whether by the allottee or sub-lessee or subsidiary.

Plot no. SC-01 in Sector 150 allotted to Logix Infradevelopers Pvt. Ltd. (consortium) was sub-divided into 24 parts and sub-lease deeds were executed for the same in favour of various entities. Out of the sub-divided plots, one plot measuring 63,052.90 sqm (Plot no. SC-01/A Sector 150) was sub-divided in favour of Logix Builders & Promoters. Part of this plot (17,650 sqm) was transferred (September 2013) by Logix Builders & Promoters in favour of ACE Infra City Private Limited to develop Group Housing Project along with additional area of 5,400 sqm to be developed as green area. Audit noted that an undated transfer application of M/s Logix Builders & Promoters was processed by Commercial wing and Planning wing and approved by the CEO on the same day (27 August 2013) and the transfer charge was also deposited on the same date (27 August 2013). The sub-lease for the plot was executed on 10 September 2013. ACE Infra City Private Limited applied for sanction of map on the plot which was approved by NOIDA on 20 December 2013. Completion certificate was given for the plot on 28 February 2017.

In this connection Audit observed that:

- (i) NOIDA irregularly approved (27 August 2013) the transfer of part of a sub-divided plot in favour of a company that was not a subsidiary company of the allottee and which was also to develop green area of 5400 sqm besides developing group housing (for FAR of 6 lakh sqft) whereas it was non-compliant of the above condition of the brochure. In fact, part of this plot was considered as part of golf course in the layout approved on 29 October 2013.
- (ii) the transfer was also not as per ‘commercial policy and procedure’ which states that the lessee may transfer the plot after payment of up to date instalment, interest and lease rent. In this case, there were pending dues on the plot which was borne out from the transfer records.
- (iii) although the plot was outrightly transferred to another entity but instead of transfer deed, sublease deed was executed and the transferee was treated as

an individual allottee. Further, as required by the Policies and Procedures for Commercial Property Management, no resolution of the Board of the transferor company was sought for by NOIDA along with the transfer application.

The transfer was also incorrect in view of the fact that as per approved layout, the project was to be implemented in an integrated manner and as per approved layout on 29 October 2013, sporting facility was to be developed on 5,400 sqm land whereas residential group housing was to be developed on 17,650 sqm. But neither this fact was mentioned in the transfer memorandum nor in the approval of map of the plot. Thus, NOIDA transferred part of the land incorrectly to a builder which amounted to undue favour as the plot was given to a company which was neither part of the consortium nor was a subsidiary of the allottee company. This amounted to undue favour to a builder to the extent of ₹ 81 crore (calculated on the basis of amount of stamp duty paid for the plot).

In its reply, NOIDA stated (September 2020) that as per terms and conditions, the allottee was permitted to develop the project through subsidiary companies in which 90 *per cent* of the shares were held by the allottee. However, the general terms and conditions also provided that the allottee could sub-divide the plot and transfer to interested parties the area available for commercial and residential use, with prior approval from NOIDA. Hence, the development of the project and transfer of residential land parcel are two distinct activities, for which the terms and conditions are clearly provided in the scheme. Accordingly, the transfer approved by the CEO was in order.

NOIDA further stated that the terms and conditions of transfer of plot for Sports City are different from the policy for commercial department. A part of the plot, after sub-division, was transferred in the name of M/s Ace Infracity Developers Pvt Ltd with charges levied. A transfer memorandum has also been issued to the allottee in this regard. After issuance of transfer memorandum, a copy of the registered transfer deed between the transferor and transferee, is to be presented in NOIDA. In this case, sub-lease deed has been executed in place of transfer deed which is wrong. Action is being taken.

From a perusal of NOIDA’s reply it is evident that the terms and conditions laid out in the scheme were lax and ambiguous. The Sports City was to be developed as a whole as per brochure but due to loopholes in General Terms and Conditions, portions of land were transferred to third parties and such transfers were even approved. Even though only Group Housing and Commercial portions could be transferred, earmarked green areas were also transferred. In reply NOIDA has attempted to separate development of project from specific land parcels, which are part of the project. From the instant case it is evident that NOIDA has acted at the behest of the allottees rather than in the interest of the overall project development.

Transfer of sub-divided parts of Sports City plots through change in shareholding of subsidiary companies

5.2.15.3 The general terms and conditions of the brochure of Sports City scheme-II *inter alia* provided that:

- Without obtaining the completion certificate the lessee shall have the right to sub-divide the allotted plot into suitable smaller plots as per planning

norms of NOIDA only for the area available for residential & commercial use and to transfer the same to interested parties.

- The lessee/allottee who develops the project through its subsidiary company shall be entitled for sub-leasing the portion of allotted/leased land/built up area in favour of the subsidiary companies and the first transfer by such subsidiary company, of the said allotted/leased land/built-up area which is being developed or proposed to be developed by the subsidiary, shall be without any transfer charges. However, for subsequent transfer/sub-lease, transfer charges as per prevailing policy (at the time of transfer) of the lessor/NOIDA Authority shall be payable.

The allottee of the Sports City plot in sector 78/79 (Xanadu Estates Private Limited) requested (11 October 2011) for sub-division and sub-lease in five parts in favour of its five relevant members and one part in favour of SPC (Three C Green Developers Private Limited). The proposal was approved by the CEO on 21 October 2011 as per details given in **Table 5.2.17**.

Table 5.2.17: Details of plot sub-divided

Plot No.	Name of company	Area in sqm
SC-01/A Sec 79	Sequel Buildcon Private Limited	1,00,000
SC-01/B Sec 79	Sequel Building Concepts Private Limited	48,000
SC-01/C Sec 79	Three C Green Developers Private Limited (SPC)	2,50,027.50
SC-01/D Sec 79	Kindle Developers Private Limited	1,00,000
SC-01/E Sec 79	Xanadu Realcon Private Limited	80,000
SC-01 Sec 78	Xanadu Infratech Private Limited	14,272.50

Source: Information furnished by NOIDA.

The respective lease deeds were executed on 24 October 2011 and possession was given on 11 November 2011. The sub-lessee of plot no. 01/A requested (28 August 2012) to divide the plot into two parts (01/A1 and 01/A2 each admeasuring 50,000 sqm) and sub-lease 01/A2 in favour of its 100 *per cent* subsidiary - Arena Superstructures Private Limited. The matter was considered by the standing committee in its meeting of 27 September 2012 which recommended that the main objective of Sports City is to develop all facilities in an integrated manner and sub-division can be approved for other activities. Audit noticed that in the noting prepared for the approval it was mentioned that as request for sub-division has also been received from other companies, therefore decision taken above was to be also applied in all those cases.

Audit observed that although the committee had approved sub-division for other activities, AGM (Commercial) construed it as approval for other sub-divisions and issued approval letters for further sub-division without any specific approval.

It was further observed that the plot no. SC-01/A1 and SC-01/C1 (along with additional land allotted later) were subsequently sub-divided into two and seven parts respectively and in this manner, the entire plot was sub-divided into 23 parts in favour of subsidiary companies of the allottee/SPC.

Thus, through repeated sub-divisions, the plot was initially sub-divided between six entities and eventually into 23 parts. This has led to provision for housing in each sub-divided plot as well as sub-division of sports area. The instant case shows how the permission accorded was misinterpreted to favour allottees, so as to promote development of housing instead of an integrated development along the envisioned theme. It is pertinent to mention here that

out of 23 sub-divided parts, none of the parts was with the lead member which is a violation of the condition which provided that shareholding of the lead member should be at least 30 *per cent* till completion of one phase.

In its reply, NOIDA stated (September 2020) that the five sub-lessees requested for sub-division of their respective plots in favour of subsidiaries which was approved by the CEO. All sub-divisions were done with the lead member holding 30 *per cent* shareholding. On further examination by the Additional Chief Executive Officer (ACEO), NOIDA it was stated that as per brochure, the project was to be executed through 100 *per cent* subsidiary company of the lead member and that the subsidiary companies changed their constitution in violation of the rules. It was further stated that transfer charges should have been levied for such transfer and action was being taken in this regard.

The audit observation has been accepted by NOIDA; further action by NOIDA needs to be initiated against the concerned officers.

Non-imposition of transfer charges in plot no. SC-01 in sector 78/79

NOIDA failed to impose transfer charges of ₹ 295.75 crore on transfer of sub-divided plots through Change-in-Shareholding.

5.2.15.4 As per terms and conditions of the brochure, transfer charges should have been recovered for any further sub-division as the plot was already sub-divided into five parts but no such charges were recovered and the plots were continuously sub-leased on allotted rates which also resulted in evasion of stamp duty.

Audit observed that in the case of the allottee of the Sports City plot in sector 78/79 this condition was misused by sub-leasing to companies which were subsidiary companies at the time of approval for sub-lease but later on 100 *per cent* shareholding was changed in these companies and as such they were no more the subsidiaries of the allottee/SPC.

This was further facilitated by office order (27 October 2010) through which NOIDA removed the requirement of obtaining approval for Change in Shareholding (CIS). The complete change of shareholding amounts to complete change of ownership and as such plots subdivided in favour of the subsidiary should have been treated as transfer. Audit observed that plots were sub-leased to companies/builders in the name of the subsidiary company at the allotment rate which in turn sold the land to parties through 100 *per cent* change in shareholding by taking advantage of the erroneous condition included by NOIDA. This resulted in plots valuing ₹ 4,041.44 crore transferred to builders in 20 cases of sub-division as detailed in **Appendix-5.2.4**.

By waiving the transfer charges, NOIDA failed to recover transfer charges of ₹ 295.75 crore⁹ at the rate of 10 *per cent* of the current rate which is detailed in **Table 5.2.18**.

Table 5.2.18: Details of transfer charges not recovered

Description	Particulars
Calculated rate for the year 2016-17 (₹ per sqm)	60,602.76
Total area transferred (sqm)	4,88,023
Transfer charges at value of land at 2016-17 rates (₹ in crore)	295.75

Source: Information compiled by Audit.

⁹ Worked out by Audit on basis of E category of group housing plot, in which this sector was categorised in 2016-17.

Further sub-leases were said to be done on the basis of cost sharing agreements between the companies but copy of none of the cost sharing agreements was available in the file produced before Audit. As ownership of all the companies have changed¹⁰ this should have been treated as transfer for which not only transfer charges should have been recovered by NOIDA but they also should claim unearned increase in market value of land (i.e. difference between premium paid and market value) as these plots appear to have been sold to other entities.

There was, thus, a loss of ₹ 295.75 crore to NOIDA in the instant case on account of permitting transfers without imposition of transfer charges.

In its reply, NOIDA accepted (September 2020) the audit observation and stated that provisions regarding subsidiary company should have been made mandatory in the brochure in such a way that the constitution of subsidiary company does not change. In view of the audit observation, action is being taken for recovery of transfer charges.

Non imposition of transfer charges in Plot No. SC-02, Sector 150

NOIDA failed to impose transfer charges of ₹ 141.57 crore on transfer of sub-divided plots through Change-in-Shareholding.

5.2.15.5 NOIDA approved (04 July 2016) the implementation of the project through 12 subsidiaries of Lotus Greens Constructions with the condition that 90 *per cent* shareholding of the lessee will remain in the subsidiary companies.

Audit noticed that NOIDA on the request of sub-lessee approved the change of name of the sub-lessee from Three C Infra Square Pvt Ltd to Samridhi Infra Square Pvt Ltd. (July 2015) in respect of plot no. 2/D (admeasuring 40,186.45 sqm) and from Three C Buildcon Pvt. Ltd. to Samridhi Buildmart Pvt Ltd (November 2015) in case of plot no. 2/E (admeasuring 32,519.22 sqm). Audit observed with the change of name the entire shareholding in both the subsidiary companies went in the hands of Samridhi Realty Homes Private Limited in violation of the conditions.

Similarly, merger of Crest Promoters Pvt. Ltd. to whom plot no 2/F & G was subleased was approved in favour of Ace Infra City Developers Pvt. Ltd. With this merger both plots admeasuring 1,18,065.25 sqm have been transferred in the hands of Ace Infra City Developers.

Further, 51 *per cent* shareholding of Land Kart Builders (to whom plot no. 2/A-1 admeasuring 83,970.00 sqm was subleased) was transferred to Tata Value Homes Limited.

Thus, total land of 2,33,595.62 sqm no longer remains either with the original allottee or its subsidiary companies but NOIDA in spite of the fact of change of shareholding did not consider it as a transfer. This not only resulted in undue favour to the extent of market value of this land, but by waiving the transfer charges, NOIDA failed to recover the transfer charges of ₹ 141.57 crore at the rate of 10 *per cent* of the current rate which has been worked out by Audit on the basis of E category of group housing plots in which this sector was categorised in 2016-17, as given in **Table 5.2.19**.

Table 5.2.19: Details of transfer charge not recovered

Description	Particulars
Calculated rate for the year 2016-17 (₹ per sqm)	60,602.76
Total area transferred (sqm)	2,33,595.62
Transfer charges at value of land at 2016-17 rates (₹ in crore)	141.57

Source: Information compiled by Audit.

¹⁰ As inclusion of Three C Green Developers as SPC was not correct as already pointed out by Audit.

Thus, Audit observed that NOIDA failed to check transfer of plots through sub-division and change in shareholding and also suffered loss of revenue to the tune of ₹ 141.57 crore due to non-imposition of transfer charges.

In its reply, NOIDA accepted the audit observation and stated (September 2020) that action is being taken for recovery of transfer charges. It also stated that in the scheme brochure the provision of subsidiary companies should be made in such a way that its constitution was not changed.

Thus, though NOIDA has accepted the audit observation, the fact remains that the control of the plot was transferred indirectly which hampered integrated development of project.

Planning and layout related deficiencies

5.2.16 The Planning wing of NOIDA headed by Chief Architect and Town Planner prepares the site plan on the basis of which the plots are demarcated. Planning wing also approves the layout plan/map of each plot and ensures that construction is carried out as per prevailing Building bye-laws. The discrepancies observed in the above procedure are discussed hereunder:

Allotment made without NOIDA possessing the entire land

5.2.16.1 For allotment of land, the proposed land should be in the possession of NOIDA and should be free from encumbrances. NOIDA launched the scheme without having the entire area under its possession and a major portion of the land was not even acquired at the time of allotment. NOIDA itself mentioned this fact in the scheme brochure which stated that the balance land would be given as soon as it was acquired.

Audit observed that NOIDA did not have possession of encumbrance-free land for proposed allotment and a major part of the land was not even acquired at the time of allotment. Against the proposed allotment covering an area of 7,27,500 sqm in Sectors 78/79, 8,00,000 sqm in SC-01/Sector 150, 12,00,000 sqm in SC-02/Sector 150 and 5,03,000 sqm for the international cricket stadium cum Sports City in Sector 152, NOIDA was having possession of only land measuring 5,92,300 sqm, 6,67,000 sqm, 3,00,000 sqm and 3,93,277 sqm respectively.

Audit further observed that even the land which was in possession of NOIDA, there were some portions which were not free from encumbrances. Due to its inability in providing the land in full to the allottees, the envisaged development has also been delayed, the responsibility for which lies with NOIDA.

**NOIDA
allotted four
Sports City
plots without
having the
possession of
the entire land
in each case.**

Photograph 5.2.1: Encroachments in Sector 150 where golf course is planned	Photograph 5.2.2: Encroachments in Sector 152 where cricket stadium is planned
<p>DATE- 06-12-19 14:31:23 SC-02A, SECTOR-150</p> 	<p>DATE- 06-12-19 15:01:20 SECTOR-152 SC-01</p> 
Photograph 5.2.3: Encroachments in Sector 150 where golf course is planned	Photograph 5.2.4: Encroachments in Sector 152 where cricket stadium is planned
<p>DATE- 06-12-19 14:31:23 SC-02A, SECTOR-150</p> 	<p>DATE- 06-12-19 14:56:22 SECTOR-152 SC-01</p> 

A joint physical verification conducted by Audit along with NOIDA on 6 December 2019 brings out the present status of areas earmarked for sports infrastructure. The above photographs were taken during the joint verification.

In its reply, NOIDA accepted (August 2020) the audit observation. The availability of land, it stated, will be ensured in future schemes.

Discrepancies in approval of individual layouts

Plot No. SC-01 Sector 150

5.2.16.2 As per terms of allotment of plot no. SC-01 in Sector 150, the allottee was required to get the composite layout approved from NOIDA for execution of the Sports City project. The allottee applied for approval of layout (September 2012) on which objections were issued by NOIDA on 4 October 2012. NOIDA passed the layout on 16 November 2012. The allottee applied for revision of the layout on 7 August 2013 on which objections were raised on 16 August 2013. The allottee could not comply with the objections and the layout was passed on 29 October 2013 (incorporating sub-divided plots) after taking an affidavit from the allottee. After allotment of additional area, the

layout was again revised on 17 April 2014 and again on 23 April 2015. The layout was again revised on 4 March 2016 after allowing extra FAR on the plot on payment basis. Audit examination revealed the following:

- As per Clause 42 of the lease deed, an integrated layout for the entire allotted land was to be got approved from NOIDA for execution of the project in an integrated manner. Audit noticed that the first layout was approved for 5,48,191.84 sqm area in two parts: A (2,69,430 sqm) and B (2,78,761.84 sqm) on 29 October 2013 whereas possession of part C was still not given on the date the layout was approved. Thus, the condition of approval of integrated layout for the entire land was violated by NOIDA itself by approving the layout for part of the allotted land and undue favour was extended by approving the layout without clearing all the objections raised on the submitted layout.
- As per approved layout an underpass was to be constructed by the allottee to connect the parts of the plot which was divided by a Master Plan (MP) road. Audit observed that the underpass has not been constructed to date (August 2020) in spite of conditional approval of layout but no action was taken by NOIDA.

In its reply, NOIDA stated (August 2020) that the layout is processed as per rules of Planning wing. The approval of the layout is distinct from payment of dues, which is done by separate wings of the Authority. At the time of approval, there is a stipulation for adherence of the brochure's terms and conditions, failing which the approval can be cancelled. As far as the question of integrated approval of entire proposed plot area is concerned, it stated that the layout was approved only for acquired land to avoid controversies related to encumbered land. As soon as land was acquired, the layout was revised and facilities were also distributed so as to avoid centralisation of facilities. The underpass, it confirmed, is yet to be constructed by the allottee which NOIDA is bound to ensure.

From a perusal of the reply, it is evident that the layout has been revised as per availability of land and accordingly facilities have also been proposed. However, due to this, the concept of integrated development has taken a back seat and development of the project has been delayed. No sports facility has been developed as yet. Further, with the sub-divisions effected on the available land, the possibility of having a nine hole golf course which was the integrated theme of this Sports City is effectively ruled out.

Plot No. SC-02 sector 150

5.2.16.3 The allottee applied (February 2015) for approval of layout for the plot on which objections were issued on 19 March 2015. After the removal of objections, the layout was approved by NOIDA on 16 April 2015. After the possession of more area, a revised layout was applied for on 7 December 2016 which was approved by NOIDA on 17 January 2017 for total area of 13,29,745.92 sqm (with 24 sub-divided parts).

Audit observed that:

- The layout was approved by including 24 sub-divided parts but at the time of approval of layout, sub-division in respect of sub-divided parts C-1, M and P was not approved and no lease deed was signed for these plots.

- The layout was approved without payment of up-to-date dues even though the existing orders stipulated that the map/layout should be approved only after payment of up-to-date dues.

In its reply, NOIDA stated (September 2020) that as per brochure conditions, layout can be approved before sub-lease. Further, in case dues are not cleared, the approved layout/map can be cancelled. In case any construction is initiated before issue of NOC, then action may be taken under Building Regulations. NOIDA further accepted that integrated development as per integrated layout plan which was to be approved for the whole plot, was obstructed due to granting approval for parts. At the time of passing the layout, the deficiencies pointed out by audit were present.

Envisaged vs. Actual allotment in Sports City

5.2.17 A perusal of the various Board deliberations in respect of Sports City (discussed in **Paragraph 5.2.11**) conveys that the intention was creation of an international level sporting infrastructure for holding marquee events like Commonwealth Games, Asian Games, etc. The purpose was to develop an area with a clear and defined focus on an integrated sports theme, with sporting facilities occupying the central role with necessary supporting infrastructure in the background. As per the brochures approved by the Board, the following facilities were to be created as detailed in **Table 5.2.20**.

Table 5.2.20: Facilities proposed

Facility	SC-1, Sector 78/ 79	SC-01, Sector 150	SC-02, Sector 150	SC-01, Sector 152
Golf Course (9 Hole)	✓	✓	✓	X
Multipurpose Playfield	✓	✓	✓	X
Tennis Centre	✓	✓	✓	X
Swimming Centre	✓	✓	✓	X
Pro-shops/food and beverage	✓	✓	✓	X
IT centre/Administration/Media Centre	✓	✓	✓	X
Indoor multipurpose Sports Hall including- - Gymnastics - Badminton - Table Tennis - Squash - Basketball - Volley Ball - Rock Climbing	✓	✓	✓	X
Cricket Academy	✓	✓	✓	X
Internal Roads and parks	✓	✓	✓	X
Hospital/ Senior Living/ Medicine Centre	✓	✓	✓	X
Circulation Spaces, carpeting, Utilities etc	✓	✓	✓	X
International level cricket stadium	X	X	X	✓

Source: Information furnished by NOIDA

Note – (✓) indicates facility proposed and (X) indicates facility not proposed

Thus, three golf courses each having a nine hole playing area, an international cricket stadium and facilities for tennis, swimming, multi-purpose sports hall and cricket academy was envisioned by the Board in the Sports City. Audit noted that in the scheme brochure for plots in sectors 101 and 104¹¹ the acreage earmarked for the nine-hole golf course was 65 acre. However, the

¹¹ Scheme 2010-11 for the development of Sports City in NOIDA (Sector 101 and 104) was abandoned.

stipulated acreage of 65 acre was not mentioned in subsequent schemes keeping the conditions vague.

Audit analysed the process of allotment and the progress made so far and observed as under:

Timelines with respect to Sports City

No sports facilities have been completed despite the fact that due date of completion is over by one to three years.

5.2.17.1 A perusal of the implementation timeframe specified in the brochures revealed that in case of allotments in SC 1 in Sectors 78/ 79, SC 01 in Sector 150 (allotted in May 2011) and SC 02 in Sector 150 (allotted in September 2014), the allottee was required to complete the project in phases within five years¹² from the date of execution of lease deed. In case of SC-01 in Sector 152 (allotted in July 2015), the allottee was required to complete the construction of the international cricket stadium in the first phase within three years from the date of execution of the lease deed. The timelines given are tabulated in **Table 5.2.21**.

Table 5.2.21: Showing timelines for completion of the facilities in the Sports City

Plot No./Sector	Date of execution of first lease deed	Due date for completion of sports facilities	Due date for completion of residential and commercial	Present status of completion (January 2021)
SC-01/Sector 78/79	October 2011	October 2016	October 2018	Except one plot, not even maps for plots with sports facilities have been approved.
SC-01/Sector 150	January 2012	January 2017	January 2019	In 22 out of 24 subdivided plots, sports activities not commenced.
SC-02/Sector 150	December 2014	December 2019	December 2021	No work for sports activities commenced in 3 subdivided plots whose maps are approved. Even map for plot with golf course has not been approved.
SC-01/Sector 152	December 2015	December 2018	December 2022	The construction of International cricket Stadium has not even commenced.

Source: Information compiled by Audit

It is apparent from a review of the above timelines that as on date (January 2021), the scheduled time of completion of sports facilities has lapsed in each of the cases.

As per approved layout, 45,959 dwelling units (DUs) were proposed for construction in the four plots but completion certificates have been issued for only 1,875 DUs till March 2021.

A joint physical verification conducted by Audit along with NOIDA on 6 December 2019 brings out the present undeveloped status of areas earmarked for sports infrastructure. The photographs taken as part of joint verification are as under:

¹² Residential and commercial development could be completed within seven years.

Photograph 5.2.5: Status of development and encroachment on site earmarked for cricket stadium in Sector 152.



Photograph 5.2.6: Status of site earmarked for development of cricket academy in Sector 150 vis-à-vis the status of residential project (in background).



The photographs above clearly bring out the fact that no envisioned sports facility has come up. On its part NOIDA has failed to show any plan on the anvil for creation of sports infrastructure even in the near future.

It is now over eight years since allotments have been made in case of Sports City in Sectors 78/79 and SC-01/150 and five years and four years in case of allotments made for SC-02/150 and SC-01/152 respectively. As on date (January 2021), the sporting infrastructure as envisaged in the original design of the brochure is yet to get implemented. As far as the golf courses in Sectors 78/79, 150 (SC-01 and SC-02) which were envisioned in the brochure, there is no possibility of these seeing the light of the day, since the plots have been sub-divided to a point that no such facility spanning the acreage required for a nine-hole golf course is now possible.

In its reply, NOIDA stated (September 2020) that the matter was examined by the ACEO and it was accepted that the scheme could not be executed effectively. NOIDA further confirmed that there was no clear plan for creation of sports facilities in the scheme and sub-divisions have been made in such a way that coordinating with various transferees/sub-lessees was not practical and no concrete policy for development of sports facilities was being reflected.

The actions of NOIDA with reference to the Sports City has essentially entailed approval for and development of residential/ group housing projects, with scant focus on the primary goal of creating a world class sporting infrastructure. Resultantly, no sports facility has been developed in these Sports City plots so far (December 2019) even after eight years of roll-out of the initial scheme. There is a clear case for responsibility to be fixed by the Government for the actions on part of NOIDA which has effectively sealed the possibility of creation of a Sports City of international standards, as was envisaged.

Unauthorised sub-division of sports area

The area of sports facilities has been sub-divided into 34 parts in the name of various entities against the theme of integrated development.

5.2.17.2 The scheme provided for land use of minimum 70 *per cent* for recreational/sporting use and the rest of the area was allowed for residential, commercial and recreational use. This translates into dedicating 559 acre out of the 798 acre proposed allotment in the four plots earmarked for the development of Sports City. The condition of the brochure also provided that ‘without obtaining completion certificate, the lessee shall have the right to sub-divide the allotted plot into suitable smaller plots as per planning norms of NOIDA only for the area available for residential and commercial use’.

NOIDA allotted Sports City plots and permitted the implementation through multiple entities as detailed in **Table 5.2.22**.

Table 5.2.22: Plot sub-division details

Plot No./Sector	Original allottee consortium	No. of subdivisions approved	Area of the plots in sqm (acre)
SC-01/Sector 78/79	Xanadu Estates Pvt. Ltd.	23	7,03,001.80 (173.71)
SC-01/Sector 150	Logix Infra Developers Pvt. Ltd.	24	9,07,987.81 (224.36)
SC-02/Sector 150	Lotus Greens Constructions Pvt. Ltd.	24	13,29,745.92 (328.58)
SC-01/Sector 152	ATS Homes Pvt. Ltd.	10	4,03,457.45 (99.69)
Total		81	33,44,193 (826.34)

Source: Information compiled by Audit.

Audit observed that in spite of the condition of sub-dividing the plots into smaller plots for area available for residential and commercial use only, NOIDA approved during the period 2012 to 2017 sub-division of the entire plot which was in violation of the underlying theme as well as the approved conditions of the brochure. As such, any sub-division should have been approved for only 30 *per cent* of land which was to be used for residential and commercial development. Thus, against the area of 10,03,257.9 sqm (247.90 acre) eligible for sub-division, the entire area of 33,44,193 sqm (826.34 acre) was sub-divided into 81 parts against the conditions of the scheme. The 559 acres of land earmarked for sport infrastructure was in effect sub-divided into 34 sub-divisions. Analysis of the impact of sub-divisions on the proposed development of sports facilities is shown in **Table 5.2.23**.

Table 5.2.23: Details of plot sub-division

Plot Number	Allotment Date	Total Area in sqm (acre)	Area for Sports (Recreational Facilities) in sqm (acre)	No. of Sub-Divisions	Division of Sports Facilities ¹³
SC-01 Sectors 78/79	04 May 2011	7,03,001.80 (173.71)	500683.01 (123.72)	23	2
SC-01 Sector 150	04 May 2011	9,07,987.81 (224.36)	641691.47 (158.56)	24	15
SC-02 Sector 150	10 Sep 2014	13,29,745.92 (328.58)	982675.61 (242.82)	24	7
SC-01 Sector 152	16 July 2015	4,03,457.45 (99.69)	318383.22 (78.67)	10	10
Total		33,44,193 (826.34)	24,43,432.31 (603.76)	81	34

Source: Information compiled by Audit.

The basis for approval accorded by NOIDA for sub-division of the land for sporting infrastructure into 34 sub-divisions is highly questionable going by the fact that in three of the four plots, a nine-hole golf course was envisaged. As noticed in the brochure of scheme 2010-11 (Sports City in Sectors 101 and 104), the average designated acreage of such a single nine-hole golf course was 65 acre. NOIDA had stipulated establishment of 65 acre golf course in the scheme for Sectors 101 and 104. However, this condition was removed from subsequent brochures, which has led to dilution of specifications and also allowed discretion to allottees to appropriate land to sports facilities. In case of SC 02/150 a golf course of 24 acre was proposed. As discussed in **Paragraph 5.2.13.4** and **5.2.13.5**, NOIDA envisaged creation of world class infrastructure without laying down criteria or specifications for the same. How 65 acre of land would then be available for development of a nine-hole golf course in each of the three plots is not clear to Audit.

The sub-division of the entire area of each plot into small fragments has not only shredded the plot, but along with it the development of sports infrastructure with supporting facilities. Effectively each plot as per the now approved layout is a concentration of group housing societies with some sports facility included therein.

In its reply, NOIDA accepted (September 2020) that due to sub-division of sports area, the concept of integrated development of sports facilities has been vitiated and now it is very difficult to develop sports facilities after so many sub-divisions. Instead of ensuring integrated development of sports area, division of each part in the manner of group housing and commercial properties has rendered the project unfeasible and sub-divisions, it stated, were carried out in a manner that appears to be an exercise for developing some sports facilities for group housing projects.

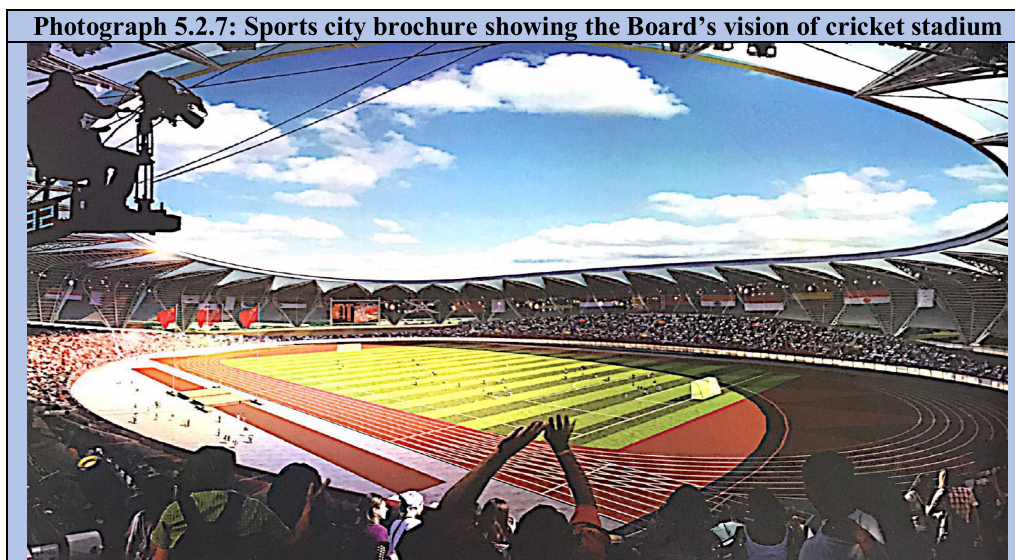
The audit observation has been accepted by NOIDA. The Government needs to consider fixing responsibility on the concerned officials.

Cricket stadium, Plot sub-division and status

5.2.17.3 In plot No. SC-01 sector 152, allotment for which was approved on 16 July 2015, of the total area of 5,03,000 sqm (128.30 acres) a minimum area of 1,41,645 sqm (35 acres) was envisaged for development of an international level cricket stadium-cum-Sports City.

¹³ As provided in Annexure to the Brochures for sports activities.

Area under encroachment was marked in the layout for International Cricket Stadium. The construction of the International Cricket Stadium is yet to commence while the group housing projects have made some progress.



Audit examination revealed the following:

- As pointed out in **Paragraph 5.2.17.2**, plot No. SC-01 Sector 152 was sub-divided into 10 parts and a total of 10 sub-divisions were effected in the area earmarked for sports. As per condition, a minimum of 35 acre area was to be kept for cricket stadium out of 70 *per cent* recreational use. The area required for the stadium works out to 1,41,645 sqm. Audit observed that the plot area earmarked for the cricket stadium (SC01/CS) measures 1,16,411.79 sqm (28.77 acre) only which is in violation of conditions. How the cricket stadium of required standard was to be constructed in a reduced area needs explanation.
- Condition no. 23 of approval given for map layout states that firstly international cricket stadium, institutional and other facilities will be developed and maps for these facilities will be approved and thereafter maps regarding other land uses will be approved. Thus, no map was to be entertained without establishment of sporting facility. Audit observed that in spite of the condition, maps for the three plots viz. SC-01/01, SC-01/08, SC-01/09 in Sector 152 were submitted by the allottee and NOIDA accorded approval as detailed in **Table 5.2.24**.

Table 5.2.24: Details of maps approved

Plot No.	Land use	Plot area leased (sqm)	Dwelling units approved	Date of approval
01/01	Group Housing	106852.08	1720	08.11.2016
01/08		39370.91	236	03.01.2017
01/09		27496.49	492	08.11.2016
Total		173719.48		

Source: Information compiled by Audit.

The approval of maps for group housing projects without even obtaining approval for maps for sporting infrastructure raises doubts on the intentions of NOIDA to develop Sports City with an international cricket stadium as envisioned. It is also pertinent to mention here that the total group housing area of the leased portion was 1,04,898.94 sqm (25.92 acre) but three group housing project maps approved by NOIDA notably have a total area of 1,73,719.48 sqm (42.93 acre). This further corroborates the violations done by NOIDA.

The sanction of maps was done for the group housing projects without adherence to the condition of residential development in proportion to sports and other facilities. In spite of condition of integrated development of the project, sub-divided parts were transferred to other entities for group housing projects.

The above fact and evidence on ground suggest that in the name of development of sports cities, action by NOIDA only focussed on residential development with no sporting infrastructure, let alone any of international standards being developed. The very intention of NOIDA with respect to the purpose of creation of sports cities as per the avowed objectives laid down in the Board resolutions appears doubtful.

As per terms and conditions of the brochure, the construction of the cricket stadium was to be completed within three years from the date of execution of lease deed (December 2015) i.e. by December 2018, but till date (January 2021) the construction has not even commenced.

In the sub-division of the plot, encroached and unacquired land was allocated for the cricket stadium by the allottee with the acquiescence of the Authority. As a result, the construction of the stadium has not even commenced.

The priority of development of cricket stadium, which was central to the theme of this plot, now stands sacrificed due to the above two reasons but other plots have made progress.

In its reply, NOIDA accepted (September 2020) that the cricket stadium which was to be completed in three years as per the terms and conditions of the brochure, has not been developed till now. It was further confirmed that despite the objective of the scheme for giving priority to development of sports facilities, sports area was provided on the encroached land.

The audit observation has been accepted by NOIDA. The Government needs to consider fixing responsibility on the concerned officials.

Precedence to housing over sports infrastructure

5.2.17.4 The brochure conditions envisaged an integrated development of the project and developing residential and commercial component in the project in proportion to the area earmarked for recreational use. The clause of brochure relating to implementation provided that “the lessee shall be required to

Sports facilities proposed in the four plots are yet to be completed while two group housing projects in sector 150 have been issued completion certificate against the theme of according priority to development of sports facilities.

complete the construction of minimum 15 *per cent* of the permissible area earmarked for sports, institutional and other facilities within a period of three years from the date of execution of lease deed and shall complete the project in phases within five years. However, the residential and commercial development/ construction may be completed in phases within seven years. Furthermore, the lessee has to develop residential and commercial component in the project in proportion to area earmarked for recreational uses”.

Scrutiny of the approved layout revealed that the layout has been approved for sub-divided plots with residential and commercial activity in almost every sub-divided part which was not as per the scheme conditions which provides for development of integrated Sports City in which minimum 70 *per cent* area is to be kept for recreational/sports facilities. In absence of phasing for developing sports and other facilities, approval of maps without such phasing and issue of completion certificate for some of the completed projects, housing projects have been given precedence by the builders.

Audit further noticed that NOIDA had violated the brochure condition as it also issued completion certificate on some part of the land in Sector 150 (Final completion for SC-01/A-5 and part completion for SC-01/A-1) for group housing project without ensuring any development of sports facilities. A joint physical verification conducted by Audit along with NOIDA on 6 December 2019 brings out instances of group housing projects in Sector 150 which have since received completion certificates. The photographs taken as part of joint verification are as under:

Photograph 5.2.9: Group Housing projects in Sector 150 where completion certificate has been given



Photograph 5.2.10: Group Housing projects in Sector 150 where completion certificate has been given



It is not clear to Audit how completion certificates for residential projects were given by NOIDA, without corresponding creation of infrastructure for sports, which was a part of the responsibility of the allottee as laid down in the brochure conditions. In contrast, the development of sports facility in sectors where completion certificate had been granted for group housing projects, was dismal. A joint physical verification conducted by Audit along with NOIDA on 6 December 2019 in respect of area designated for sports facility confirms the lack of any development. The photographs below indicate the position as of December 2019.

Photograph 5.2.11: Status of area for sports facility in Sector 150



Photograph 5.2.12: Status of area for sports facility in Sector 150



It is evident that NOIDA approved the layout as a collection of residential projects and facilitated residential developments in the whole of the Sports City plots without ensuring development of international level sports infrastructure/facilities fit for holding marquee events as envisioned. Although space for some sports facilities like tennis court and swimming pool has been marked in the plots, these are in the nature of similar facilities also being provided in normal residential/group housing projects. In absence of technical specifications for level of sports infrastructure envisioned, the facilities

developed will serve only the respective group housing societies and their use for hosting international sports events does not seem to be feasible.

In its reply, NOIDA accepted (September 2020) that development in residential areas has been given priority and sports areas have not been developed proportionately.

Undue Benefit to Allottees of Sports City Plots

NOIDA extended undue benefit of ₹ 8,643.61 crore to allottees in terms of reduced pricing and allowance of extra FAR and GC.

5.2.17.5 As discussed in the preceding paras, the allottees of the Sports City plots failed to develop the sporting infrastructure as envisaged by NOIDA defeating the whole concept of Sports City. Audit further analysed and noted that the developers did not take any initiative in developing the sporting infrastructure despite huge leverage given to them in pricing of the Sports City plots as discussed below:

(i) The reserve price for the Sports City plots were fixed by taking a weighted average of the rates for the three categories of land uses viz. group housing, commercial and recreational. In this fixation, the price for recreational land was calculated afresh by NOIDA considering only land acquisition cost, external development cost, maintenance cost and administrative cost at the rate of 9 *per cent* and the prevailing rates for commercial and group housing categories. The working for reserve price fixed by NOIDA has been detailed in **Table 5.2.25**.

Table 5.2.25: Working of fixation of reserve price

Particulars	SC-01/79 & SC-01/150 (in ₹ per sqm)	SC-02/150 (in ₹ per sqm)	SC-01/152 (in ₹ per sqm)
A. Land acquisition cost	1355.00	3108.00	5218.00
B. External development cost	1597.00	2143.00	2143.00
C. Maintenance cost	591.00	793.00	793.00
Administration cost on A+B+C @ 9 <i>per cent</i>	319.00	544.00	734.00
Total cost per sqm	3862.00	6588.00	8888.00
Keeping 70 <i>per cent</i> area saleable net cost per sqm for recreational facilities ¹⁴	5517.00	9411.00	12697.00
Cost of land for Sports City:	5517 x 70 <i>per cent</i> 3861.90	9411 x 70 <i>per cent</i> 6587.70	12697 x 70 <i>per cent</i> 8888.00
70 <i>per cent</i> for recreational	61000 x 2 <i>per cent</i> 1220.00	121000 x 0.5 <i>per cent</i> 605.00	159000 x 4 <i>per cent</i> 6369.00
2/0.5/4 <i>per cent</i> as for commercial land	22440 x 28 <i>per cent</i> 6283.20	35420 x 29.5 <i>per cent</i> 10448.90	41940 x 26 <i>per cent</i> 10904.00
28/29.5/26 <i>per cent</i> for group housing land	Total 11365.10	Total 17641.60	Total 26161
	Say 11500.00	Say 18000.00 Fixed at 18865.00	Say 26200

Source: Information compiled by Audit.

In this context, it is pertinent to mention that NOIDA priced its properties in a manner whereby all acquisition and development costs were being recovered through pricing of properties. However, the costs related to internal development, maintenance, future maintenance cost and interest cost were not considered before finalisation of rates for recreation land. Thus, the rates of

¹⁴ Considering higher saleable area whereas NOIDA adopted saleable area 55 *per cent* for all other allotments.

recreational land were kept on lower side. Even the costs incurred by NOIDA were not recovered on 70 per cent of land.

(ii) In order to incentivise the development of sports infrastructure by builders, the terms and conditions of the brochure provided a particular feature of fungible¹⁵ Floor Area Ratio (FAR) and Ground Coverage (GC), which allowed a total FAR of 1.5 (2010-11 scheme) and 2 (2014-15 & 2015-16 schemes) and GC of 30 per cent on the whole plot. In this connection, it is pertinent to mention that FAR of only 0.40 was allowable on recreational area (comprising 70 per cent of land usage) as per Building Regulations. This extra FAR was allowed without any charge. After utilising the FAR and GC on sports and recreational categories, the remaining FAR and GC was allowed to be used for group housing and commercial categories. Accordingly, the effective FAR and GC for group housing against the permitted FAR of 2.75 & 3.5 and GC 40 per cent as per prevailing Building Regulations ranged between 4.14 to 6 and 53 per cent to 55 per cent as detailed in **Table 5.2.26**.

Table 5.2.26: Details of FAR and GC allowed

Plot Number	FAR	GC (in per cent)
SC-01/79	4.14	55
SC-01/150	4.14	55
SC-02/150	5.76	53.56
SC-01/152	6.00	55.38

Source: Information compiled by Audit.

The permitted developmental norms for FAR and GC needs to be considered by NOIDA in the fixation of price as higher FAR and GC allows the allottee to construct more covered area. Therefore, the allowance of higher FAR and GC should be linked with commensurate prices.

(iii) The sale prices for recreational and group housing categories were recalculated by Audit considering the applicable input costs and saleable area as discussed in Chapter 4 – Pricing of Properties, and making provision for effective FAR and GC actually allowed to builders. The sale prices calculated after considering the effective FAR/ GC are given in **Appendix-5.2.5** in detail. **Table 5.2.27** summarises the undue benefit provided by NOIDA on these plots.

Table 5.2.27: Details of Undue Favour extended by NOIDA

Sl. No.	Scheme Number	Plot Number	Land use category	Total area allotted (sqm)	Undue Benefit (₹ in crore)
1	Sports City 2010-11	SC-01/150	Recreational	635591.47	349.95
			Commercial	18159.76	88.89
			Group housing	254236.48	484.12
2	Sports City 2010-11	SC-01/79	Recreational	492101.26	269.72
			Commercial	14060.00	68.79
			Group housing	196840.50	374.33
3	Sports City 2014-15	SC-02/150	Recreational	930822.13	1724.63
			Commercial	6648.73	67.55
			Group housing	392275.04	3638.47
4	Sports City 2015-16	SC-01/152	Recreational	282420.21	318.46
			Commercial	16138.30	213.59
			Group housing	104898.93	1045.11
Total				33,44,193	8,643.61

Source: Information compiled by Audit.

¹⁵ Transferable.

Thus, NOIDA had given an incentive of ₹ 8,643.61 crore in terms of reduced pricing and allowance of extra FAR and GC to the developers for development of sporting infrastructure. Audit noted that after considering the development of group housing projects and the absence of corresponding development of sports infrastructure, the above incentive is tantamount to undue benefit of ₹ 8,643.61 crore in respect of the four Sports City plots. Audit is of the opinion that NOIDA, while allowing the builders to pursue group housing projects, abdicated responsibility towards completion of sports infrastructure and also showed lack of foresight by permitting sub-division of plots.

In its reply, NOIDA accepted the finding of audit (September 2020) that FAR and GC were provided in Sports City plots in a distinct manner, which was incorrect. NOIDA further stated that due to keeping 70 per cent saleable area the prices fixed were low, which was inappropriate.

NOIDA has accepted the audit observation. The Government, in light of the huge loss caused to the Authority, needs to take exemplary action against all the officers responsible.

Defeat of avowed objective due to lack of public access

The area of the sports facilities has been proposed between housing societies restricting public access. The Golf Course in plot SC-01 sector 150 has been sub-divided in 13 parts having no congruency.

5.2.17.6 In *Noida Entrepreneurs Association v. Noida & Ors.*¹⁶, the Hon’ble Supreme Court has observed (May 2011):

"The State or the public authority which holds the property for the public or which has been assigned the duty of grant of largesse, etc. acts as a trustee and, therefore, has to act fairly and reasonably. Every holder of a public office by virtue of which he acts on behalf of the State or public body is ultimately accountable to the people in whom the sovereignty vests. As such, all powers so vested in him are meant to be exercised for public good and promoting the public interest. Every holder of a public office is a trustee."

Thus, the world class sports infrastructure envisioned by the Board for holding national and international sports events was to be created for the public at large. It was to serve a public purpose and aid in overall development of Noida.

Perusal of the brochures indicates that NOIDA planned to roll out facilities like golf course (nine hole), multipurpose play field, indoor multipurpose sports hall, cricket academy, swimming center etc. By their very nature and in the context of creation of facilities including international sports infrastructure, they should have been available for the sporting public. Against this Audit observed:

(a) An analysis of the land parcel for development of a nine-hole golf course on plot SC-01 in Sector 150 revealed that the land parcel was sub-divided into 13 parts, splintered across the entire plot and having no congruency to play out any tournament, leave alone any international level tournament. Narrow stretches have instead been approved through sub-division by NOIDA which eventually were provided for playing golf between rows of villas and housing towers. These green stretches can at best be utilised by the inhabitants of the group housing societies only, with effectively no public access. This in itself is a travesty of what was intended to be a nine-hole golf course spanning 65 acre as per NOIDA’s own brochure.

¹⁶ 6 CC 508, 2011

A joint physical verification conducted by Audit along with NOIDA on 6 December 2019 brings out the development of a golf course amid residential projects in Sector 150. The photograph taken as part of joint verification is as under:

Photograph 5.2.13: Development of Golf Course between villas and residential towers



The above photograph clearly brings out that narrow stretches in between residential construction have been left for development of golf course, as against the conceptualization of 9 hole golf course in 65 acres.

(b) Indoor multipurpose hall and IT center have also been sub-divided into two plots each.

It is evident that the facilities intended have either not materialised at all or those created are in complete violation of the Board's vision. The existing development, as brought out, does not appear to be intended for the sporting public at large.

In its reply, NOIDA accepted (September 2020) that Sports City could not be developed as envisioned and that sports facilities have not been developed due to incorrect layout and impractical sub-divisions. It stated that the Authority would make fresh efforts in this regard. It was also confirmed that the project of golf course, which was to be completed by January 2017, has not been completed till now.

Conclusion

NOIDA had the primary mandate for the development of an industrial township. Development of sports was not included in any of the functions mandated to NOIDA under the Act. Besides, the RP-2021 did not mention creation of international sporting facilities in the notified area and approval was not obtained from GoUP or NCRPB for development of sports city before its launch. NOIDA also had no policy or guidelines for development of sports facilities and no development norms were available. The concept of Sports City was included in the MP-2031 after the launch of the first scheme of Sports City.

The scheme which was rolled out envisaged creation of Sports City infrastructure spanning over 559 acres of land within the 798 acres earmarked for the four plots for Sports City. Since the scheme brochure

for Sports City did not delineate any specification for level of sports infrastructure (golf course, cricket stadium, swimming centre, multipurpose play field, etc.) and prior experience for developers, the Sports City projects were relegated to any other commercial or real estate venture without vision. There was misuse of consortium clause to facilitate entry of non-eligible parties in the bidding process to the extent that most of the allotment has gone in favour of parties with no financial capabilities and has harmed NOIDA and prospective third party buyers. It was observed that NOIDA permitted large scale sub-divisions of the plot not only with respect to residential and commercial areas within the plot but also of the sports areas. Resultantly, 34 sub-divisions were permitted with respect to the earmarked sports areas alone. The splitting up and sub-divisions have rendered the setting up of nine-hole golf courses as envisaged in the brochure an impossibility. The international cricket stadium also has had to suffer reduction in size on account of sub-divisions permitted by NOIDA.

The actions of NOIDA with reference to the Sports City has essentially entailed approval for and development of residential/group housing projects, with scant focus on the primary goal of creating a world-class sporting infrastructure. Resultantly, no sports facility has been developed in these Sports City plots even after eight years of roll-out of the initial scheme.

In addition to the failure to create sports infrastructure, NOIDA granted undue benefits of over ₹ 9,000 crore to the allottees of Sports City plots, to the corresponding detriment of NOIDA. For the failures in meeting the stated objectives of creating a Sports City and the huge losses caused to NOIDA, the Government should consider taking exemplary action against the delinquent officers.

Recommendations		
Recommendation Number	Recommendation	Response of the Government
13	The Government should, in light of large scale departure and dilution from the originally planned sporting theme, review the raison d'être of such a category at all.	Accepted Government stated that future Sports City schemes will be taken up after review of sports related projects.
14	If development of Sports City is to be taken up in earnest, then Government should lay down clear norms for development of Sports Cities in consultation with subject matter experts.	Accepted